

New Hampshire Department of Revenue Administration

Fiscal Impact Quick Guide*

12-2115.0

HB 1507-LOCAL, *authorizing towns to enter into agreements with the State for collection of outstanding taxes.*

House Municipal and County Government Committee

This bill proposes to allow cities and towns to enter into agreements with the Department of Revenue Administration Collection Division for the collection of outstanding tax liabilities.

This law could be administered by the Department, but with significant additional cost. Depending upon the number of agreements entered into, and the number of delinquent taxpayers assigned, the Department would either need to hire more Compliance Officers or have the current Department Compliance Officers diverted from collecting general fund and education trust fund tax revenues (i.e. Business Taxes, M&R Taxes, I&D Taxes etc.). The Department assumed one existing Compliance Officer could work 250 cases in a 60-day time period for the cost of \$15,000.

The Department could not make any estimate as to the cost or benefit to the State, counties or cities and towns as it is not known if any city or town will adopt a warrant article allowing the agreement to take place. It is also not known when, or if, any such agreements might be accepted by the Collections Division of the Department.

The Department identified numerous technical or mechanical defects in the bill as drafted. The Department made the following suggested changes:

Edits needed on page 1:

Line 3 – add **or cities** after town

Line 23 – add: **as voted by the legislative body.**

Line 24 – revise to read: “To adopt the authority for agreements with the division of collections, in a city, the legislative body may consider and act upon the question in accordance with their normal procedures for passage of resolutions, ordinances and other legislation. A town may adopt the authority as follows:”

Other questions or revisions:

1. Revisions would need to be made to sections of RSA ch. 80 and RSA 79-A:7 where the tax collector is indicated to make it clear that the Department also has those authorities.
2. Page 1, Line 19 of the bill, how much shall be charged by the Department for the collection of taxes?

3. How much time does the Department have before paying over the collected taxes?
4. Who keeps the 12% interest on late taxes and the 18% interest and associated fees on lien property? Or is that part of the agreement and can this cost vary from town to town?
5. Does the Department need Governor and Council approval for each of the agreements?
6. There is language in the bill that creates a conflict with existing law. It appears that by granting the Collections Division the ability to enter into agreements with the cities and towns to collect taxes under the Municipal Finance Act, the concept is to allow the Collections Division to step into the shoes of tax collectors whose collection authority is set forth in RSA ch. 80. Under RSA 80:8 there is no ability to distrain bank accounts. The Collections Division, however, has distraint power under RSA 21-J:28-d, including bank accounts. It would appear the enabling language of the bill (“may”) in the new (d) provision could suggest that the Collections Division could decide whether to use RSA 80:8 distraint powers or its own distraint powers under 21-J:28-d (which would allow the distraint of bank accounts).

**A Fiscal Note was not published by the LBA on this bill. Therefore, this Quick Guide is simply an informal fiscal impact statement prepared by the Department of Revenue Administration.*